GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:52
ANSWERED ON:18.02.2009
REVISION OF GROWTH RATES
Chinta Mohan Dr. ;Verma Shri Ravi Prakash

Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India (RBI) has revised the annual growth rate estimates for the year 2008-09; and

(b) if so, the details therof and the reasons therefor?

Answer

FINANCE MINISTER(SHRI PRANAB MUKHERJEE)

(a) & (b): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO 52 ON REVISION OF GROWTH RATES BY SHRI RAVI PRAKASH VERMA AND DR. CHINTA MOHAN FOR ANSWERE ON WEDNESDAY,THE 18TH FEBRUARY, 2009

(a)&(b) The Reserve Bank of India (RBI) in the Annual Policy Statement (April 2008), projected overall real Gross Domestic Product (GDP) growth rate for 2008-09 in the range of 8.0-8.5 percent which was revised downward to 8.0 per cent in the First Quarter Review (July 2008),and further to 75-8.0 per cent in the Mid-Term Review (October 2008).In their Third Quarter Review(January 2009), RBI has further revised downwards the projection of overall real GDP growth rate for 2008-09 to 70 percent.

The reasons for the same are detailed in the RBI documents-Annual Policy Statement(April 2008), First Quarter Review of Monetary Policy (July 2008),Mid-Term Review (October 2008) and the Third Quarter Review of Monetary Policy (January 2009), together with the respective Macroeconomic and Monetary Developments.The reasons for revisions of growth rate projections by RBI include,inter alia, global economic slowdown,moderation in industrial growth because of cyclical downturn and slowdown in the services sector because of weakness in domestic and overseas demand.